

Black Start Service

Current Tariff Provision

- ISO tariffs - Black Start facilities assist in restoration of NYCA after system-wide blackout
- Black Start-capable facilities are able to self-sustain own continued operations without an outside energy source
- Black Start cannot be self-supplied; must be purchased from the NYISO
- Rate is two components - capital and fixed O&M and annual restoration training costs for operators

Drawbacks of Current Tariff

- Charge to be derived from FERC Form No.1 or “equivalent” cost data
 - Problematic for divested generators who do not use FERC system of accounts
- Administration/collection by ISO
 - Effort/expense of gathering/verifying cost data could be significant, disproportionate to the number of affected MPs

NE-ISO Methodology

- Early 2003, FERC approved new Black Start rules for NE-ISO
 - Previous rate was complex, FERC-cost based formula
 - New rate is a straight \$3.75 per KW-yr. for 2003
 - Increases \$.25 annually through 2006: I.e., \$4.00 – 2004; \$4.25 – 2005; and \$4.50 - 2006
- NE-ISO proposed the charge, based on three sets of “data points”
 - Historic payments under old tariff; \$1.67/kW-yr.(1998) to \$3.13 (2001)
 - Poll of Black Start providers; \$3.60 to \$5.00/kW-yr.
 - Current cost to equip diesels in Mass. to replace existing jet turbines; \$8.00 to \$8.90/kW-yr.

Going Forward

- ISO sees administrative advantages in NE-ISO approach
- Development of appropriate rate should be joint effort of ISO and MPs
 - Task force to develop rate for MSWG review
 - Fast track with objective of agenda item for July 9 BIC, July 24 MC, August 19 NYISO Board, FERC filing immediately after
 - Process: 2-3 meetings at Wash. Ave., conference calls as necessary, Gerald Deaver, 518-356-7549, gdeaver@nyiso.com